

Message Text

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PAGE 01 GENEVA 05424 111713Z
ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 OIC-02 AF-10 ARA-10 EUR-12 NEA-10
DOEE-00 /168 W

-----084143 111809Z /72

P 111700Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8208
INFO AMEMBASSY CANBERRA

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USMTN

STR PASS ELECTRONICALLY
STR PASS CODEL

E.O. 11652 N/A
TAGS: MTN, ETRD, AS
SUBJECT: MTN: U.S./AUSTRALIAN BILATERAL ON AUSTRALIAN
- OFFER

REF: STATE 85778

1. U.S. MTN DEL (MARSH AND SWAIN) MET BRIEFLY ON APRIL 4
WITH AUSTRALIAN DEL (SPENCER AND HEALEY) TO GIVE OUR
PRELIMINARY REACTION TO AUSTRALIAN OFFERS ON TARIFFS AND
NTMS; AND TO LAY GROUNDWORK FOR MORE FORMAL AND DETAILED
EXAMINATION OF BOTH COUNTRIES' OFFERS ON MAY 1 (SEE PARA-
GRAPH BELOW ON FUTURE WORK PROGRAM).

2. WE REGISTERED OUR SERIOUS DISAPPOINTMENT WITH THE OFFER
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PAGE 02 GENEVA 05424 111713Z

(PER GUIDANCE PROVIDED REFTTEL), NOTING THAT NEARLY A
QUARTER OF OUR TARIFF REQUESTS AND SEVERAL KEY NTM RE-
QUESTS HAD NOT EVEN BEEN ACKNOWLEDGED IN THE OFFER. THE
BALANCE OF THE OFFER WAS IN EFFECT A GUARANTEE (BINDING)
OF CURRENT CONDITIONS OF ACCESS ON A RELATIVELY SMALL
PERCENTAGE OF DUTIABLE U.S. GOODS. WE NOTED THAT IN AC-
CEPTING WITHOUT ARGUMENT AUSTRALIA'S PARTICIPATION ON A

STRICTLY REQUEST/OFFER BASIS, WE LOOKED FORWARD TO A MAXIMUM AUSTRALIAN EFFORT TO RESPOND POSITIVELY TO A REFINED AND SEVERELY LIMITED LIST OF U.S. REQUESTS. THE AUSTRALIAN OFFER DOES NOT DEMONSTRATE SUCH AN EFFORT HAS BEEN MADE, AND WE EMPHASIZED THE NEED FOR SIGNIFICANT IMPROVEMENTS IN BOTH TARIFFS AND NTM'S.

3. AUSTRALIAN DEL'S DEFENSE OF THEIR OFFER CENTERED ON THE LONG-TERM VALUE OF AUSTRALIA'S 1973 UNILATERAL REDUCTIONS AND THEIR OFFER TO CONSOLIDATE CERTAIN OF THESE REDUCTIONS IN THE MTN. (AUSTRALIAN DEL ADMITTED THAT HE COULD NOT YET PRESENT A QUANTITATIVE ASSESSMENT OF THEIR OFFER, OR SUBSTANTIATE HIS CLAIM THAT THE 1973 REDUCTIONS HAD PERMITTED A SIGNIFICANT INCREASE IN IMPORTS FROM THE U.S. IN TARIFF HEADINGS WE HAVE REQUESTED). AUSTRALIANS ALSO CITED THE CONTINUING LACK OF PROGRESS IN THEIR NEGOTIATIONS FOR MORE FAVORABLE AND MORE BINDING TERMS OF ACCESS FOR AUSTRALIAN BEEF IN THE EC, JAPAN, AND THE U.S. AS A MAJOR DETERRENT TO EFFORTS BY CERTAIN AUSTRALIAN OFFICIALS TO PUSH THROUGH A MORE GENEROUS AUSTRALIAN OFFER. (SPENCER REVEALED THAT THE MINISTRY OF INDUSTRY AND MINISTRY OF TRADE AND RESOURCES HAD BEEN IN A SERIES OF DOGFIGHTS OVER INCLUSION AND TREATMENT OF SEVERAL U.S. AND JAPANESE INDUSTRIAL TARIFF REQUESTS. ACCORDING TO SPENCER, INDUSTRY HAD SUCCEEDED FOR THE TIME BEING IN LIMITING AUSTRALIAN OFFERS ON THESE ITEMS).
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PAGE 03 GENEVA 05424 111713Z

4. AUSTRALIAN DEL WAS QUICK TO POINT OUT THAT THE DOOR WAS STILL OPEN TO SIGNIFICANT IMPROVEMENTS IN THEIR OFFER, E.G., AUSTRALIA WAS DEFINITELY TRYING TO SIGNAL A WILLINGNESS TO STRIKE A BARGAIN ON TOBACCO MIXING REGULATIONS. SPENCER ALSO STATED THAT WE WOULD FIND A NUMBER OF OUR REQUESTS MISSING FROM THE PRESENT OFFER INCLUDED IN THE SUPPLEMENT TO THE AUSTRALIAN OFFER COVERING, INTER ALIA, JAPANESE REQUESTS (SEE SEPTTEL). WE WELCOMED THIS NEWS, ADDING THAT WITHOUT FURTHER AUSTRALIAN OFFERS IT MIGHT BE IMPOSSIBLE TO IMPROVE OR EVEN MAINTAIN U.S. OFFERS PRINCIPALLY BENEFITING AUSTRALIA. WE ALSO USED THIS OPPORTUNITY TO URGE AUSTRALIA TO TABLE A SPECIFIC BUT REALISTIC REQUEST ON DAIRY PRODUCTS.

5. FUTURE WORK PROGRAM: GIVEN THE STATE OF AUSTRALIAN PREPARATION (E.G., AS OF APRIL 4, CANBERRA COULD STILL NOT SUPPLY ITS DEL WITH AN OVERALL FIGURE ON THE TRADE COVERAGE OF ITS TARIFF OFFER), IT WAS AGREED TO MEET ON MAY 1 FOR A MAJOR BILATERAL EXAMINATION OF OFFERS. WE AGREED THAT THE AGENDA FOR THIS SESSION SHOULD IN-

CLUDE: 1) AN OFFICIAL REACTION TO OUR RESPECTIVE OFFERS;
2) ITEM-BY-ITEM REVIEW OF REQUESTS AND THE RESPONSES
TO THOSE REQUESTS; AND 3) CLARIFICATION OF OFFERS,
ESPECIALLY ON NONTARIFF MEASURES.

6. ACTION REQUESTED: WE BELIEVE THAT THE AUSTRALIAN CON-
TENTION REGARDING THE POSITIVE IMPACT OF THE 1973 TARIFF
CUTS CAN BE REFUTED ON A QUANTITATIVE AND ITEM-BY-ITEM
BASIS. WE WOULD APPRECIATE SUCH ANALYSIS IN TIME FOR
THE MAY 1 SESSION. WE ALSO NEED TO KNOW TO WHAT EXTENT
BADLY DATED AUSTRALIAN TARIFF STUDY TRADE DATA (MOST
CURRENT AVAILABLE IS 74-75) GIVE AN ACCURATE PICTURE OF
RELATIVE NEGOTIATING PRIORITIES AMONG U.S. INDUSTRIAL
TARIFF REQUESTS.
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PAGE 04 GENEVA 05424 111713Z

7. DRAFTED BY MARSH. MCDONALD

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NNN

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